



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Administration Committee

DATE: February 26, 2014

FR: Executive Director

W.I: 1152

RE: Contract: Pool for Auditing, Attestation and Consulting Services (\$300,000)

- i. Badawi & Associates, Oakland, CA*
- ii. KPMG LLP, San Francisco, CA*
- iii. Macias Gini & O'Connell LLP, Walnut Creek, CA*
- iv. Williams, Adley & Company – CA, LLP, Oakland, CA*

This memorandum requests approval of the four firms listed above to form a prequalified pool of firms to provide auditing, attestation and consulting services for a five-year period, with up to two one-year extensions, in cumulative annual amounts not to exceed \$300,000.

Background

In 2009, MTC issued a Request for Qualifications (RFQ) to establish a pool of firms to conduct various audits and control procedures. As a result of the RFQ, MTC entered into contracts with five firms (Caporicci & Larson, CPA; Deloitte & Touche, LLP; KPMG LLP; Macias Gini & O'Connell LLP; and Williams, Adley & Company, LLP). These contracts will expire on June 30, 2014. Having a pool of firms available for these services has been a valuable tool, and MTC staff proposes to continue it through today's proposed action.

Procurement Process

On December 16, 2013, MTC issued a Request For Qualifications (RFQ) for the purpose of selecting a pool of audit firms to perform auditing, attestation and consulting services for MTC, MTC SAFE, BATA, BAIFA and BAHA. These services include pre-award, interim and/or close-out audits for grants and selected contracts, audits of RM2 expenditures, internal and financial controls at Electronic Toll Collection and Clipper®, agreed-upon procedures and consulting. These services are separate from the principal external audit conducted by PricewaterhouseCoopers, LLP.

The following four firms responded to the invitation:


- Badawi & Associates
- KPMG LLP
- Macias Gini & O'Connell LLP
- Williams, Adley & Company - CA, LLP

All four firms met the minimum qualifications stated in the RFQ. Based on an evaluation of the written statements of qualifications, the panel, consisting of the Chief Financial Officer and two Finance staff members, determined that all four firms showed adequate strength in the evaluation criteria, including qualifications and experience of the firm, principals and key staff in performing services similar to those contemplated by the RFQ, and the firm's audit and consulting experience with government agencies, including transportation agencies. The panel also considered the firms' ability to devote sufficient resources to multiple engagements throughout a year and the firms' experience with certain types of audits. The panel unanimously recommends the selection of the four firms listed above to comprise the eligible pool of audit firms.

Consistent with the terms of the RFQ, MTC may enter into contracts with one or more of these firms. Generally, MTC assigns projects based on MTC's needs, the firm's expertise and staff availability. MTC executes audit task orders and negotiates individual engagement letters for individual assignments; however, a combined total for the four firms is not to exceed \$300,000 in any one year, subject to annual budget adoption.

Recommendation

Staff recommends that this Committee authorize the Executive Director or his designee to negotiate and enter into contracts with the four firms listed above in cumulative annual amounts not to exceed \$300,000, subject to annual budget approvals, to perform auditing, attestation and consulting services, with initial contract terms of July 1, 2014 through June 30, 2019, with an option to renew for up to two additional one-year terms.



Steve Heminger

SH:BM

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consultant Contract

Work Item No.: 1152

Consultant: Badawi & Associates, Oakland, CA
KPMG LLP, San Francisco, CA
Macias Gini & O'Connell LLP, Walnut Creek, CA
William, Adley & Company – CA, LLP, Oakland, CA

Work Project Title: Auditing, Attestation, and Consulting services for FY 2014-15 through 2018-19

Purpose of Project: Obtain services of Independent Auditor

Brief Scope of Work: To perform auditing, attestation and consulting services for MTC, MTC SAFE, BATA, BAIFA and BAHA.

Project Cost Not to Exceed: Individual contracts TBD. Annual cumulative amount not to exceed \$300,000 per fiscal year.

Funding Source: MTC \$100,000; BATA \$200,000

Fiscal Impact: Up to \$300,000 for FY 2014-15, subject to approval of Operating Budget. Additional funds for future fiscal years are subject to agency budgetary approval process.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into contracts with the above four firms in annual cumulative amounts not to exceed \$300,000, to perform assurance, audit and consulting services for MTC, MTC SAFE, BATA, BAIFA and BAHA on an as-needed basis from July 1, 2014 through June 30, 2019, with an option on the part of MTC to extend contracts for up to two additional one-year terms as described above and in the Executive Director's Memorandum dated February 26, 2014, and the Chief Financial Officer is directed to set aside funds in the amount of \$300,000 for such contracts, subject to annual agency budget approval as noted above.

Administration Committee:

Adrienne Tissier, Chair

Approved:

Date: March 5, 2014